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**BEFORE THE HEARING BOARD OF THE  
SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT**

**In the Matter of**

SOUTH COAST AIR QUALITY  
MANAGEMENT DISTRICT,

Petitioner,

vs.

SOUTHERN CALIFORNIA GAS COMPANY,  
ALISO CANYON STORAGE FACILITY

[Facility ID No. 800128]

Respondent.

Case No. 137-76

**FINDINGS AND DECISION FOR AN  
ORDER FOR ABATEMENT UPON  
STIPULATION**

Health and Safety Code §41700 and  
District Rule 402

Hearing Date: January 9 and 16, 2016

Time: 9:00 a.m.

Place: Granada Hills Charter High  
School  
10535 Zelzah Avenue  
Granada Hills, CA 91344

Hearing Date: January 20, 2016

Time: 9:00 a.m.

Place: Hearing Board  
South Coast Air Quality  
Management District  
21865 Copley Drive  
Diamond Bar, CA 91765

This Petition for a Stipulated Order for Abatement was heard on January 9, 16 and 20, 2016, pursuant to notice in accordance with the provisions of California Health and Safety Code (“H&S Code”) §40823 and District Rule 812. The following members of the Hearing Board were present on January 9 and 20, 2016: Edward Camarena, Chair; Patricia Byrd, Vice Chair; Julie Prussack; Clifton Lee, M.D.; and David Holtzman. The following members of the Hearing Board

1 were present on January 16, 2016: Edward Camarena, Chair; Patricia Byrd, Vice Chair; Douglas  
2 W. Lofgren; Clifton Lee, M.D.; and David Holtzman. Petitioner, Executive Officer, was  
3 represented by Nancy S. Feldman, Principal Deputy District Counsel, and Nicholas A. Sanchez,  
4 Senior Deputy District Counsel. Respondent SOUTHERN CALIFORNIA GAS COMPANY  
5 (hereinafter referred to as “Respondent” or “SoCalGas”), was represented by Vincent M.  
6 Gonzales, Senior Environmental Counsel, Southern California Gas Company, and Robert A.  
7 Wyman and Michael J. Carroll, attorneys at law, with the firm of Latham & Watkins LLP. The  
8 public was given the opportunity to testify, evidence was received and the matter was submitted.  
9 The Hearing Board finds and decides as follows:

10 **FINDINGS OF FACT**

11 1. Petitioner is a body corporate and politic established and existing pursuant to H&S  
12 Code §40000, *et seq.* and §40400, *et seq.*, and is the sole and exclusive local agency with the  
13 responsibility for comprehensive air pollution control in the South Coast Basin.

14 2. SoCalGas is a public utility engaged in the transmission, storage and distribution  
15 of natural gas in the Southern California area and subject to the jurisdiction of the California Public  
16 Utilities Commission (CPUC). SoCalGas’ Aliso Canyon Storage Facility is located at 12801  
17 Tampa Avenue, Northridge, California 91326 (the “Facility”). It is used to store natural gas in  
18 underground reservoirs during periods when demand for gas is low and supplies are plentiful.  
19 When demand is high and supplies are scarce, gas is then withdrawn from the Facility and  
20 distributed to customers. The Facility is subject to the jurisdiction and, in various aspects, authority  
21 of multiple agencies, including but not limited to the District, the CPUC and the California  
22 Department of Conservation, Division of Oil, Gas and Geothermal Resources (DOGGR).

23 3. **California H&S Code §41700 and District Rule 402** prohibit the discharge from  
24 any source whatsoever of such quantities of air contaminants or other material which cause injury,  
25 detriment, nuisance, or annoyance to any considerable number of persons or to the public, or which  
26 endanger the comfort, repose, health or safety of any such persons or the public, or which cause,  
27 or have a natural tendency to cause, injury or damage to business or property.

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1           4.       The Facility is located within the District’s jurisdiction and subject to the District’s  
2 regulations. In the course of operating the Facility, Respondent stores natural gas at Well SS-25  
3 (the “Well”). The Well extends 8,500 feet below the surface of the earth and is one of 115 storage  
4 wells at the 3,600-acre Facility. The Facility can hold 86 billion cubic feet of natural gas.

5           5.       Beginning on or about October 23, 2015, SoCalGas discovered a leak at the Well.  
6 The natural gas leaking from the Well contains mercaptan and tetrahydrothiophene (THT) odorant.  
7 SoCalGas’ efforts to stop the leak have been unsuccessful to date.

8           6.       Beginning on October 23, 2015, and continuing through the present, the District  
9 has received over 1,600 odor complaints from the public alleging the Facility as the source of the  
10 odor.

11           7.       On November 5, 2015, the District issued Notice to Comply E-26893 to  
12 Respondent, requiring SoCalGas to provide the following information:

- 13           a.       On what date and how did SoCalGas first become aware of the natural gas  
14               leak?
- 15           b.       What steps have been taken to repair the affected well injection site; when  
16               was each step taken; and did it control/eliminate the release of natural gas  
17               into ambient air?
- 18           c.       What specific recommendations have been made to SoCalGas to  
19               control/eliminate odors from the affected well injection site?
- 20           d.       What recommendations have been made to SoCalGas in regards to the air  
21               monitoring plan(s) for both onsite and community sampling?
- 22           e.       What recommendations have been made by the State of California, Natural  
23               Resources Agency, Department of Conservation Division of Oil, Gas and  
24               Geothermal Resources (DOGGR) or any other regulatory agencies in  
25               regards to controlling/eliminating the release of natural gas from the  
26               affected injection well site?

27           8.       In addition, SoCalGas was required to safely and as quickly as possible stop the  
28 release of natural gas from the affected well site and all of its associated appurtenances, so as to

1 prevent odors from natural gas, including odorants, from impacting the nearby communities. On  
2 November 10, 2015, SoCalGas provided a written response to Notice to Comply E-26893  
3 indicating its investigation of the events surrounding the incident and response efforts are ongoing.

4 9. On November 23, 2015, the District issued Notice of Violation (NOV) P62646 to  
5 Respondent alleging an ongoing public nuisance pursuant to H&S Code §41700 and District Rule  
6 402. The District alleges that Respondent is in violation and has been in violation of H&S Code  
7 §41700 and District Rule 402 since October 24, 2015.

8 10. The District asserts NOV P62646 includes violations due to SoCalGas' creation of  
9 an alleged public nuisance by discharging odor emissions into nearby communities starting on  
10 October 24, 2015, and continuing through the present and until SoCalGas achieves compliance by  
11 operating the Facility without creating a public nuisance.

12 11. On November 18, 2015, DOGGR issued an Emergency Order requiring SoCalGas,  
13 among other things, to submit a time schedule by November 20, 2015, stating when a relief well  
14 site preparation will be complete and when drilling will commence.

15 12. On December 3, 2015, SoCalGas notified the District of its intent to commence  
16 drilling the relief well on December 4, 2015, pursuant to District Rule 1148.2.

17 13. SoCalGas anticipates it will complete drilling the relief well sometime in February  
18 2016 or March 2016.

19 14. On December 9 and 10, 2015, District Inspectors visited the Facility and conducted  
20 an infrared camera inspection to check for leaks that may be contributing to the alleged nuisance.  
21 The District Inspectors were unable to inspect the Well due to health and safety reasons.

22 15. During the Facility inspection, District Inspectors observed approximately 16 wells  
23 that were not accessible. District Inspectors observed 15 wells through the infrared camera that  
24 indicated leaking valves, fittings, and/or flanges. The infrared camera observations reflected  
25 relatively minor leaks that were significantly less than the leak at Well SS-25 and below levels that  
26 would constitute a violation of current District rules. SoCalGas had staff present during the District  
27 Inspectors' Facility visit, and they represented that they were actively repairing leaks and that  
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1 SoCalGas staff and consultants had been dispatched to check the location of leaks. All the minor  
2 well leaks discovered by District Inspectors on December 9 and 10, 2015 have been repaired.

3 16. On December 14, 2015, the CPUC Safety and Enforcement Division (SED) and  
4 DOGGR directed SoCalGas to hire an independent third party to perform a technical root cause  
5 analysis on the nature of the failure of the Well and the technical cause of the leak. This joint  
6 agency investigation will likely address all technical aspects of the Well's safety management  
7 system, including the role of deep subsurface valves.

8 17. On December 19, 2015, SoCalGas notified the District that it intended to  
9 commence drilling a second relief well in mid-January 2016.

10 18. On January 6, 2016 Governor Brown issued a Proclamation of a State of  
11 Emergency due to the natural gas leak at the Well which directed that certain actions related to the  
12 leak be taken by SoCalGas and various state agencies.

13 19. The District alleges that SoCalGas is unable to conduct operations at the Facility  
14 without being in violation of H&S Code §41700 and District Rule 402. SoCalGas has been unable  
15 to stop discharging air pollutants impacting nearby communities and has stated publicly that it will  
16 take at least three months to stop the leak.

17 20. The SCAQMD staff has been directed by its Governing Board to initiate  
18 rulemaking to govern good maintenance and safe operation of injection wells at facilities  
19 throughout the South Coast Basin.

### 20 CONCLUSIONS

21 21. The Order set forth hereinafter is likely to mitigate the conditions contributing to  
22 the alleged nuisance and further compliance with SCAQMD rules and regulations. This Order is  
23 intended to help reduce air emissions impacts to the nearby communities, implement steps to  
24 reduce any public health impacts that may exist, and alleviate odors while a more permanent  
25 solution is achieved.

26 22. The District, by this Petition, seeks an Order for Abatement to impose certain  
27 conditions on Respondent's operation of the Facility. The District believes that such conditions  
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1 will mitigate the conditions contributing to the alleged nuisance and further compliance with  
2 SCAQMD rules and regulations.

3 23. It is not unreasonable to require Respondent to comply with District rules and  
4 regulations.

5 24. The issuance of an Order for Abatement upon a fully noticed hearing would not  
6 constitute a taking of property without due process of law.

7 25. This Order for Abatement is not intended to be nor does it act as a variance.

8 **ORDER**

9 THEREFORE, subject to the aforesaid statements and good cause appearing, the Hearing  
10 Board hereby orders Respondent to immediately cease and desist from operating the Facility in a  
11 manner that violates H&S Code §41700 and District Rule 402, or in the alternative comply with  
12 the following conditions and increments of progress:

13 **CONDITIONS AND INCREMENTS OF PROGRESS**

14 **Leaking Well (SS-25)**

15 1. Commencing upon issuance of this Order and continuing until such time as the leak  
16 at the Well has ceased, SoCalGas shall continuously monitor the Well site with an infrared camera.  
17 Monitoring shall be conducted in accordance with a protocol to be submitted prior to the close of  
18 evidence. To address any circumstances not specifically identified in the protocol, SoCalGas shall  
19 notify the Executive Officer or his designee, in writing of the circumstances in question and  
20 propose modifications to the protocol to address them and refrain from implementing such  
21 modifications until such time as the District approves the modification in writing. SoCalGas shall  
22 make a second infrared camera or equivalent available at the Facility to District staff upon request  
23 for monitoring the Facility. Any such monitoring by District staff shall be coordinated with  
24 SoCalGas to ensure the safety of all persons at the Facility. All infrared camera data collected by  
25 SoCalGas shall be maintained by SoCalGas for the duration of this Order and made available to  
26 the District staff upon request. In the event that such data is provided to the District, SoCalGas  
27 may identify the data as confidential data pursuant to California Government Code § 6254.7(e),  
28 which exempts from disclosure under the California Public Records Act (PRA) data used to

1 calculate emissions data, and/or any other relevant exemption. Upon receipt of a PRA request for  
2 the data, the District shall evaluate the claim of confidentiality pursuant to its PRA policies and  
3 California law.

4 2. Commencing upon issuance of this Order and continuing until such time as the leak  
5 at the Well has ceased, SoCalGas shall post on its external website at [www.alisoupdates.com](http://www.alisoupdates.com): (i)  
6 daily air monitoring data collected by SoCalGas; and (ii) a comprehensive dataset of air monitoring  
7 data collected by SoCalGas in Excel format and updated on a weekly basis.

8 3. Once the leak at the Well has ceased, the Well shall not be used for future natural  
9 gas injection or withdrawal.

10 4. Minimize natural gas leaking from the Facility by:

11 a. Except as authorized by the CPUC, stopping all gas injection into the  
12 Facility's underground reservoir until the leak at the Well has ceased.  
13 SoCalGas shall provide notice to the Executive Officer or his designee,  
14 within 24 hours of any gas injection into the Facility; and

15 b. Withdrawing the maximum amount of gas feasible in a contained and safe  
16 manner from the Facility as quickly as possible upon issuance of this Order,  
17 subject only to SoCalGas' obligation to furnish and maintain reliable  
18 supplies and delivery of natural gas as mandated by California Public  
19 Utilities Code Section 451.

20 5. Commencing with the issuance of this Order and continuing until the leak at the  
21 Well has ceased, SoCalGas shall provide the District the estimated amount of natural gas injected  
22 into the Facility's underground reservoir, and the estimated amount of natural gas injected through  
23 each of the 115 gas storage wells, on a daily basis. All natural gas injection data shall be provided  
24 to the attention of the Executive Officer or his designee, on a weekly basis via a secure SharePoint  
25 site in a form acceptable to the District. SoCalGas may identify the data as trade secret pursuant  
26 to California Government Code §§ 6254(k) and 6254.7(d), which exempt trade secrets from  
27 disclosure under the PRA, and/or any other relevant exemption. Upon receipt of a PRA request  
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1 for the data, the District shall evaluate the claim of a trade secret pursuant to its PRA policies and  
2 California law.

3           6. Commencing with the issuance of this Order and continuing until the leak at the  
4 Well has ceased, SoCalGas shall provide the District the estimated total amount of natural gas  
5 withdrawn from the Facility’s underground reservoir, and the estimated amount of natural gas  
6 withdrawn through each of the 115 gas storage wells, on a daily basis. For the purposes of this  
7 paragraph, “gas withdrawn” does not include natural gas lost to the atmosphere as a result of the  
8 leak, which will be determined after the leak has ceased and SoCalGas is able to provide an  
9 inventory-based estimate. All natural gas withdrawal data shall be provided to the attention of the  
10 Executive Officer or his designee, on a weekly basis via a secure Share Point site in a form  
11 acceptable to the District. SoCalGas may identify the data as trade secret pursuant to California  
12 Government Code §§ 6254(k) and 6254.7(d), which exempt trade secrets from disclosure under  
13 the PRA, and/or any other relevant exemption. Upon receipt of a PRA request for the data, the  
14 District shall evaluate the claim of trade secret pursuant to its PRA policies and California law.

15           7. SoCalGas shall provide the District any data collected and/or recorded by SoCalGas  
16 and/or its contractors since October 23, 2015 that is necessary to calculate or estimate the quantity  
17 of methane that has escaped from the Well using established methodology for shut in inventory  
18 analysis. SoCalGas shall also provide any wind/meteorological data for the Facility, air emissions  
19 monitoring data, and methane and non-methane natural gas components laboratory data taken from  
20 the Well. All such data shall be provided within seven (7) days upon request from the District in  
21 a manner and form acceptable to the District. Any data provided to the SCAQMD pursuant to this  
22 paragraph may be designated by SoCalGas as confidential data pursuant to California Government  
23 Code § 6254.7(e), which exempts from disclosure under the PRA data used to calculate emissions  
24 data, and/or any other relevant exemption. Upon receipt of a PRA request for the data, the District  
25 shall evaluate the claim of confidentiality pursuant to its PRA policies and California law.

26           8. Within ten (10) days from the issuance of this Order, SoCalGas shall submit for  
27 approval by the Executive Officer or his designee an enhanced leak detection and reporting well  
28 inspection program to proactively identify and mitigate potential emissions of air contaminants.

1 The program shall cover active and abandoned natural gas storage wells, water injection wells,  
2 and shallow zone oil production wells owned by SoCalGas. The program shall identify issues  
3 relating to leak detection and reporting beyond those contained in SoCalGas' existing well  
4 inspection and maintenance program. The enhanced leak detection and reporting program shall  
5 include the following elements specifically related to air emissions:

- 6 a. Guidelines and procedures for inspection of all the wells and maintenance  
7 of such wells at the entire Facility within two years of submission of the  
8 plan, including notice and participation by the District.
- 9 b. Frequency of well inspection and maintenance.
- 10 c. Qualifications, requirements and training of individuals performing well  
11 inspections.
- 12 d. Monitoring and emissions measurements during well inspections.
- 13 e. Recordkeeping of any wells taken out of service or installed.
- 14 f. Recordkeeping and notification of any well breakdowns.
- 15 g. Recordkeeping and retention of well inspection and maintenance reports.
- 16 h. Daily use of infrared cameras or equivalent to utilize infrared technology to  
17 monitor SoCalGas natural gas wells located at the Facility property. All  
18 daily infrared camera data shall be retained and made available for  
19 inspection by the District at the Facility.
- 20 i. On-going inspections of the physical integrity of the wells at the Facility  
21 property shall be recorded on a weekly basis and retained and made  
22 available for inspection by the District at the Facility
- 23 j. Enforceable commitments and timelines to accomplish a.-i. as quickly as  
24 feasibly possible.

25 SoCalGas shall prioritize and conduct the enhanced well leak detection and reporting  
26 program based on criteria relevant to the risk of well leakage from the Facility, including  
27 maintenance, condition, age and/or emissions from wells. The enhanced well leak detection and  
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1 reporting program shall prioritize inspection of all the wells based on data obtained indicating  
2 which wells may require repair and/or maintenance based on age and/or leaks.

3 9. SoCalGas shall promptly provide the District and the Hearing Board with a copy  
4 of any written reports of the joint SED-DOGGR factual investigation referred to in paragraph 16  
5 of the Findings of Fact above.

6 **Continuous Air Monitoring Plan**

7 10. SoCalGas shall provide the District with funding for District staff or contractor  
8 hired by the District, or a combination of the two, to develop, staff, and implement a continuous  
9 air monitoring plan, including a methane monitor network at the Facility property, for the nearby  
10 school/community during the duration of this Order. This plan is independent from any other air  
11 monitoring plan being performed by SoCalGas, or in conjunction with any other agency.

12 **Air Quality Notification Plan**

13 11. Within ten (10) days from the issuance of this Order, SoCalGas shall provide the  
14 District with copies of publicly available emergency response plans prepared pursuant to state and  
15 federal law. Within thirty (30) days from the issuance of this Order, SoCalGas shall submit for  
16 approval by the Executive Officer or his designee an Air Quality Notification Plan, such plan to  
17 require notice to the District, Los Angeles Unified School District, Los Angeles Police  
18 Department, City of Los Angeles Fire Department, County of Los Angeles Fire Department and  
19 the Porter Ranch Neighborhood Council in the event of a reportable release as defined in the plan.

20 **Health Study**

21 12. SoCalGas shall provide the District within ten (10) days from the issuance of this  
22 Order, a written commitment for funding for reasonable costs to conduct a health study on the  
23 potential impacts of the exposure to the constituents of the natural gas released from the Facility  
24 relating to the Well leak, including but not limited to tetrahydrothiophene and tertiary-butyl  
25 mercaptan, potentially affecting the nearby community. The health study shall also analyze any  
26 health impacts from any odor suppressants or neutralizers, and their byproducts, if any, used to  
27 mitigate odors in the nearby community. The health study shall be completed by a third party  
28 approved by the District and SoCalGas, who shall not unreasonably withhold approval of the

1 contractor. An advisory committee of subject matter experts shall be established by the District to  
2 evaluate the field data collection and analysis methods as well as proposed study results.

3 **Odor Suppressants or Neutralizers**

4 13. SoCalGas shall not use any odor suppressants or odor neutralizers to reduce and/or  
5 mitigate against odors from the Facility unless approved by the Executive Officer or his designee.

6 **Odor Complaints<sup>1</sup>**

7 14. Subject to any applicable privacy laws or regulations, SoCalGas shall provide the  
8 District (Attn: Mohsen Nazemi) with complaint data for complaints related to the leak at the Well  
9 received by SoCalGas beginning on and after October 23, 2015 and continuing for the duration of  
10 this Order, including, for each complaint:

- 11 a. The date and time it was reported to SoCalGas.
- 12 b. A sufficient description of the location of the complaint, including but not  
13 limited to the street name and block number.
- 14 c. A description of the complaint.
- 15 d. Complaint data received after the issuance of this Order shall be provided  
16 to the District (Attn: Mohsen Nazemi) on a weekly basis. All complaint  
17 data shall be provided to the District in a manner and form acceptable to the  
18 District.

19 **GENERAL CONDITIONS**

20 15. Equipment and operations at the Aliso Canyon Facility are subject to the  
21 jurisdiction and regulatory requirements of multiple state agencies, including but not limited to the  
22 District, the California Air Resources Board, the CPUC, and DOGGR. The conditions of this Order  
23 shall not in any way restrict or expand the scope of jurisdiction of any agency. If any agency that  
24 shares jurisdiction over the Facility with the District requires SoCalGas to take any action that is  
25 inconsistent with this Order, SoCalGas shall immediately contact the District by email at  
26 nsanchez@aqmd.gov, nfeldman@aqmd.gov, and mnazemil@aqmd.gov and describe the

27 \_\_\_\_\_  
28 <sup>1</sup>SCAQMD maintains complainant personal information, such as name, address and telephone number, as  
confidential, to the extent allowed by state and federal law.

1 inconsistent provisions. SoCalGas shall endeavor to resolve the inconsistency with the Executive  
2 Officer or his designee. If the inconsistency is resolved, SoCalGas shall immediately inform the  
3 Hearing Board in writing. If the inconsistency cannot be resolved, SoCalGas shall notice a hearing  
4 before the Board for further proceedings. At such proceeding, only the provision in dispute shall  
5 be resolved by the Hearing Board while the other conditions in this Order shall remain in full force  
6 and effect.

7 16. The Hearing Board shall hold a hearing on \_\_\_\_\_ to review the status of this  
8 matter and consider the modification and/or extension of this Order.

9 17. The Hearing Board shall retain jurisdiction over this matter until **January 31, 2017**,  
10 or until Respondent has met all Conditions and Increments of Progress hereunder, whichever  
11 occurs first, unless this Order is amended or modified.

12 18. The Hearing Board may modify this Order without the stipulation of the parties  
13 upon a showing of good cause, therefore, and upon making the findings required by H&S Code  
14 §42451(a) and District Rule 806(a). Any modification of this Order shall be made only at a public  
15 hearing held upon ten (10) days published notice and appropriate written notice to Respondent.

16 19. This Order is not and does not act as a variance, and Respondent is subject to all  
17 rules and regulations of the District, and to all applicable provisions of California law. Nothing  
18 herein shall be deemed or construed to limit the authority of the District to issue Notices of  
19 Violation, or to seek civil penalties, criminal penalties, or injunctive relief, or to seek further orders  
20 for abatement, or other administrative or legal relief.

21 BOARD MEMBER: \_\_\_\_\_

22 DATED: \_\_\_\_\_

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25 Prepared by Nicholas A. Sanchez and Nancy S. Feldman

26 Reviewed by Robert A. Wyman and Michael J. Carroll

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